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Overseas Debts Steadily Rising Around Castro

Mexico isn't our only insolvent neighbor. Fidel Castro's Cuba is in even worse shape financially.

Castro owes nearly \$10 billion to foreign creditors—about 200 times more than Cuba owed when he seized power in 1959. Approximately \$7 billion is owed to Big Brother in Moscow, and \$2.6 billion to western bankers. Of that amount, \$1.1 billion comes due for payment in the next 12 months.

International banking sources say Castro has only two choices: rescheduling the loans or defaulting. Either way, Cuba may be cut off from these loan markets. Some western bankers, belatedly wising up, now say they won't lend Castro any more money because they can't be sure what it's being used for.

And Castro can't count on a bailout from the Kremlin. Moscow gold is stretched pretty thin these days, what with grain imports, the costly adventure in Afghanistan, and bailouts of such other clients as Poland and Vietnam.

U.S. banks are probably the only major international lending source that hasn't been pouring money

down the Cuban rat hole. That's because we got stuck early in the game, when Castro expropriated nearly \$2 billion in U.S.-owned assets following his revolution. The resulting U.S. embargo applies to American banks as well as other businesses.

Who has been underwriting Castro's extravagant economic, political and military experiments? His foreign loans have come from banks in Libya, Japan, Canada, France, Spain, West Germany, Italy and the Arab countries—even a bank controlled by the Palestine Liberation Organization.

Amazingly, many of the western loans to Cuba were of the "general-purpose" variety, not earmarked for specific projects. This meant that Castro didn't have to tell the lenders what the money would be spent on, unlike you and me when we approach our friendly financier, hat in hand.

The ironic result is that these pillars of capitalism may have subsidized Castro's foreign subversion—a startling illustration of the cynical Leninist prediction that capitalism will supply the rope for its own hanging. Cuban troops by the thousands began deploying in Angola and Ethiopia at about the time of the influx of cash from western banks.

At any rate, there is no evidence that Castro used the money for the laudable goal he suggested he needed it for: diversifying the Cuban economy. For example, Cuba's fal-

tering export trade is now even more dependent on sugar than it used to be.

And while Castro successfully built up a commercial fishing fleet, records show that in 1975-77 Cuba's fishing activity actually decreased. Those were the years when Castro was sending troops to Africa, using his fishing fleet as transport ships.

The western bankers are presumably chastened by all this; once burned, twice shy, as they say. The trouble is, they can't pull their fingers from the fire just yet. As financial sources told my associate Jon Lee Anderson, the moneylenders really have no choice but to reschedule Castro's loan payments and hope that eventually they'll get their money back.

Do I detect tears being shed for the international bankers? Surely not.

Call Me Mister: Poor Gen. Allen Rachel. He's deputy director of the Defense Mapping Agency, a hush-hush intelligence unit that is, unfortunately, 95 percent civilian. In an effort to drum up a little military-style respect, Rachel issued a stern memo last month ordering headquarters personnel to address all senior staffers as "Mister," and the big boss as "General" or "Director" in all written and oral communications. A spokesman explained that Rachel thinks the headquarters atmosphere is "too informal." Can saluting be far behind?